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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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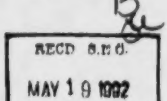
FORM 10 - Q

Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934



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For Quarter Ended March 31, 1992 Commission file number 0-7693

INTERNATIONAL MERCANTILE CORPORATION

(Exact name of registrant as specified in its charter)

Missouri	43-0970243
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

PROCESSED BY
13-13-14
MAY 21 1992

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1511 Christy Drive, Jefferson City, Missouri 65101

(Address of principal executive offices) (Zip Code)

1.30

Registrant's telephone number, including area code (314) 636-6121

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO _____.

The Company had 2,594,584 shares of $1 par value common stock outstanding at March 31, 1992.

Notes Payable Affiliates $2,069,295 Interest Expense Affiliates $53,163

226E(1)

INTERNATIONAL MERCANTILE CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 1992

INTERNATIONAL MERCANTILE CORPORATION
CONSOLIDATED BALANCE SHEETS
ASSETS
(UNAUDITED)

	March 31, 1992	December 31, 1991	March 31, 1991
INVESTMENTS			
Fixed maturities, principally at amortized cost	$ 7,224,198	$ 7,793,199	$ 5,528,196
Equity securities	254,892	2,392	3,667
Mortgage loans on real estate			
GNMA issues	11,470,777	11,688,656	13,831,166
Other	44,136	62,945	66,629
Policy loans	1,286,526	1,282,819	1,250,084
Real Estate	73,000	73,000	-0-
Short-term investments	758,833	954,797	1,026,100
Total Investments	21,112,362	21,857,808	21,705,844
CASH	437,283	458,751	836,015
INDEBTEDNESS FROM AFFILIATES	1,356,318	1,355,052	1,409,501
ACCRUED INVESTMENT INCOME	487,869	276,086	249,283
ACCOUNTS AND NOTES RECEIVABLE	1,292,916	848,392	489,570
DEFERRED POLICY ACQUISITION COSTS AND COST OF INSURANCE PURCHASED	1,935,762	1,996,327	2,124,158
EXCESS OF COST OVER NET ASSETS OF BUSINESS ACQUIRED, Net of amortization of $194,747 - 1992, $190,960 - December, 1991, and $179,597 - March, 1991	108,940	112,729	124,092
PROPERTY AND EQUIPMENT			
Cost	2,130,548	2,131,223	2,205,048
Accumulated depreciation	(1,190,201)	(1,156,555)	(1,046,833)
OTHER ASSETS	787,328	829,324	96,038
	$28,459,525	$28,709,137	$28,192,721

*Figures may not equal because the cents were deleted.

226E(3)

INTERNATIONAL MERCANTILE CORPORATION
CONSOLIDATED BALANCE SHEETS
SHAREHOLDERS' EQUITY AND LIABILITIES
(UNAUDITED)

	March 31, 1992	December 31, 1991	March 31, 1991
LIABILITIES			
Policy liabilities and accruals			
Future policy benefits and claims	$17,986,984	$17,597,439	$18,016,749
Unearned premiums	11,769	12,316	73,[illegible]
Other policy claims and benefits payable	186,930	88,374	226,819
	18,185,683	17,698,129	18,317,075
Dividend and endowment accumulations	1,027,302	1,028,612	1,033,078
Other policyholders' funds	305,945	574,532	315,828
Other liabilities	29,638	392,123	47,602
Long-term debt	3,711,413	3,723,057	2,940,214
Federal income taxes - deferred	264,126	264,126	300,126
	23,524,107	23,680,579	22,953,924
DEFERRED GAIN ON SALES OF INVESTMENTS	296,506	296,506	296,506
MINORITY INTEREST	2,098,402	2,093,445	2,101,809
STOCKHOLDERS' EQUITY			
Common stock, $1 par value; authorized 5,000,000 shares, issued shares 1,428,151 - 1991, 1,373,151 - 1990 (including 325,492 - 1991 and 1990 in treasury)	2,928,151	2,928,151	1,383,151
Additional paid-in capital	5,803,668	5,803,668	2,781,168
Employee Stock Ownership Plan assets purchased with debt	(124,011)	(121,627)	(179,216)
Retained earnings (deficit)	(782,265)	(686,552)	(373,719)
	7,825,543	7,923,640	3,611,383
Less treasury stock, at cost	785,033	785,033	770,902
Less investment in and advances to affiliates			
Preferred stock of affiliate	2,000,000	2,000,000	
Debenture receivable from affiliate	1,000,000	1,000,000	
Advances to affiliates	1,500,000	1,500,000	
	2,540,510	2,638,607	2,840,481
	$28,459,525	$28,709,137	$28,192,721

*Figures may not equal because the cents were deleted.

226E(4)

INTERNATIONAL MERCANTILE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended March 31		Twelve Months Ended December 31	
	1992	1991	1991	1990
REVENUES				
Premiums	$ 444,156	$ 435,485	$ 1,751,189	$ 2,043,531
Net investment income	666,344	510,501	2,211,194	2,004,501
Other	106,847	126,523	196,725	356,230
	1,217,347	1,072,509	4,159,108	4,404,262
BENEFITS, CLAIMS AND EXPENSES				
Benefits and claims	362,613	394,188	1,815,984	1,834,150
Policyholders' share of earnings on participating policies	14,336	30,893	109,580	121,838
Underwriting, acquisition, insurance and administrative expenses	750,990	479,428	2,222,811	2,180,530
Interest expense	156,471	178,690	321,571	353,845
	1,284,410	1,083,201	4,469,946	4,490,363
INCOME (LOSS) BEFORE FEDERAL INCOME TAXES AND MINORITY INTEREST	(67,063)	(10,691)	(313,838)	(86,101)
FEDERAL INCOME TAX PROVISION	23,000	11,250	(31,000)	-0-
INCOME (LOSS) BEFORE MINORITY INTEREST	(90,063)	(21,941)	(341,838)	(86,101)
MINORITY INTEREST IN OPERATIONS	(5,651)	5,438	12,504	41,640
NET INCOME (LOSS)	$ (95,714)	$ (16,502)	$ (329,334)	$ (44,461)
PER SHARE DATA				
Income (Loss) before gains on investments and minority interest	$(.03)	$(.02)	$(.26)	$(.08)
Minority interest	(.01)	-0-	.01	.04
Net Loss	$(.04)	$(.02)	$(.25)	$(.04)

*Figures may not equal because the cents were deleted.

226E(5)

INTERNATIONAL MERCANTILE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31,		Twelve Months Ended December 31	
	1992	1991	1991	1990
CASH FLOWS FROM OPERATING ACTIVITIES				
Premiums	$ 564,158	$ 586,840	$ 1,602,381	$ 2,087,777
Net investment income	486,500	527,212	1,977,905	2,067,674
Other revenues	88,554	49,269	232,996	400,401
Benefits and claims	(410,262)	(655,094)	(1,112,540)	(1,000,250)
Policyholders' share of earnings on participating policies	(27,664)	(30,645)	(110,724)	(135,961)
Interest expense	(83,464)	(84,343)	(326,385)	(351,845)
Underwriting, insurance and administrative expenses	(305,314)	(422,004)	(1,758,147)	(1,863,787)
Income taxes paid	-0-	(37,000)	(87,676)	-0-
Net cash provided by operating activities	312,508	65,766	417,810	1,204,009
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	997,946	213,724	6,684,221	1,273,831
Proceeds from sale of property and equipment	-0-	-0-	-0-	13,033
Purchase of investments	(252,500)	(46,863)	(6,354,734)	(497,224)
Purchase of property and equipment	-0-	(392)	(73,667)	(66,121)
Increase in notes receivable	444,524	-0-	(349,000)	-0-
Purchases of stock in affiliates	-0-	(997)	(1,497)	(33,764)
Purchase of land	-0-	(73,000)	-0-	-0-
Payment on indebtedness from affilaite	-0-	73,000	125,996	-0-
Net cash provided by (used in) investing activities	300,922	165,472	31,319	689,755
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends and endowments				
Left on deposit	24,773	24,274	55,130	54,682
Paid from accumulations	(26,044)	(34,190)	(118,799)	(145,459)
Principal payments on debt	(11,644)	(44,515)	(134,489)	(168,422)
Issuance of common stock	-0-	15,000	82,500	45,000
Withdrawals from annuity balance	(223,251)	(109,192)	(745,521)	(1,377,679)
Purchase of Treasury Stock			(14,131)	
Net cash provided by (used in) financing activities	(236,166)	(148,623)	(875,310)	(1,591,878)
INCREASE (DECREASE) IN CASH	(377,264)	(48,917)	426,181	301,886
CASH, BEGINNING OF YEAR	458,751	884,932	884,932	583,046
CASH, END OF YEAR	$ 836,015	$ 836,015	$ 458,751	$ 884,932

*Figures may not equal because the cents were deleted.

226E(8)

INTERNATIONAL MERCANTILE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1992 AND 1991

NOTE 1: INDEBTEDNESS FROM AFFILIATE AND RELATED PARTY TRANSACTIONS

Indebtedness from affiliate consisted of the following at March 31, 1992 and 1991:

	1992	1991
Note receivable from Shepherd Hills Manor, Ltd., interest at 10%, principal due December, 1992, collateralized by a second mortgage lien	$1,310,000	$1,310,000
Other receivables from Shepherd Hills Manor, Ltd., including partnership fees and cash advances	46,318	99,501
	$1,356,318	$1,409,501

NOTE 2: LONG-TERM DEBT

Long-term debt at March 31 consisted of the following:

	1992	1991
First mortgage note payable (A)	$1,010,836	$1,032,398
Installment note payable (B)	975,130	1,001,539
Bank term loan (C)	550,000	620,000
Notes payable, former stockholders (D)	274,294	274,294
Deferred compensation agreement, former officer (E)	132,312	
Non-compete and consulting agreements, former officers (F)	717,800	
Other notes	51,041	11,983
	$3,711,413	$2,940,214

(A) Due December, 1992; payable $11,600 monthly including interest at 11-1/2%; collateralized by first mortgage on real estate sold to Shepherd Hills Manor, Ltd. Management is evaluating various financing alternatives.

(B) Due October, 1995; payable $12,304 monthly including interest at 12-1/4%; collateralized by deed of trust on the Company's office facility.

(C) Due May, 1996; payable $5,000 monthly plus interest at prime; collateralized by capital stock of Frontier Insurance Company and Sterling Financial Corporation; personnally guaranteed by two former officers of the Company, and assignment of the life insurance policies on these officers.

(D) Due February, 1993; interest payable quarterly at 10.125%; unsecured.

(E) Due November 1995; payable $40,000 annually including interest at 9.5%

(F) Due December, 1996; payable $15,401 monthly including interest imputed at 9.0%

NOTE 2: LONG-TERM DEBT (Continued)

At March 31, 1992 and 1991, the following intercompany debt, which has been eliminated in the accompanying consolidated financial statements, was owed by the parent company to its subsidiaries:

	1992	1991
Universal Life Holding Corporation (A)	$1,215,000	$1,215,000
Sterling Financial Corporation (B)	568,000	690,000
Frontier Insurance Company (C)	286,295	372,247

(A) $815,000 due January 1, 1994; interest at 10%.
$400,000 due February 1, 1993; interest at 9.5%.

(B) Due January 1, 1994; interest at 10%.

(C) Notes and advances payable in monthly installments of $12,383, including interest ranging from 10% to 12%. The notes are unsecured.

MANAGEMENTS' DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Liquidity and Capital

General. IMC has used affiliated companies' funds as a source of internal financing. The income from IMC notes are a substantial portion of the affiliated companies' operating revenues. IMC expects to continue making payments on the notes to affiliates. IMC's Consolidated Statements of Operations have reported a loss for the last few years.

Frontier. Inflation impacts on the market value of Frontier's invested assets. At December 31, '1991, Frontier's fixed maturity investment portfolio's market value is 101% of the amortized cost. This portfolio reflects unrealized gains of $441,002 and unrealized losses of $40,681 at December 31, 1991. Frontier's mortgage loan portfolio consists primarily of GNMA's with a market value of 105.7% of the book value. The mortgage portfolio reflects unrealized gains of $673,724 and unrealized losses of $2,253. Frontier's investment portfolio has not changed materially since year end. Such amounts are not expected to have a material effect on future earings beyond the usual amortization of acquisition premium or discounts because no significant sale of such investment is currently foreseen. Decreasing interest rates tend to increase the market value of the investment portfolio while increasing interest rates tend to decrease the market value of the investment portfolio. Frontier's fixed maturity portfolio provides liquid funds at a scheduled maturity date and the mortgage loan portfolio provides liquid funds on a monthly basis as the mortgages are repaid. The monthly repayment of GNMA's are subject to fluctuation because of interest rate changes. A decrease in mortgage interest rates may result in principal prepayments of GNMA's that have a higher interest rate than the current mortgage rate. An increase in the mortgage rates may result in principal payments that reflect the original term of the mortgage. Frontier's GNMA portfolio has a stated maturity of 30 years with the anticipated maturity of 12 to 15 years because of interest rate fluctuations. Frontier's investment portfolio consists of approximately 67% government or government insured securities. The Company has elected not to invest in high yield "junk" bonds.

Frontier's cash flows from operating activities were negative for the three months ended March 31, 1991 and positive for the remainder of the periods contained in this report. The cash flows from investing activities were positive for the periods March 31, 1992 and December 31, 1991 and positive for March 31, 1991 and December 31, 1990. The cash flows from financing activities remained negative. The surrender of annuity balances and withdrawal of policyholder accumulations was primarily offset by the proceeds from the sale and maturity of investments. Frontier anticipated the possibility of negative cash flows from financing activities and invested in GNMA issues that provide an annual maturity of principle

that should be sufficient to offset the negative cash flows from financing activities. Frontier has also invested in short-term investments to provide a reserve of funds that may be necessary to balance cash flows on a month to month basis.

Frontier's capital base determines the amount of new insurance sales that should be produced and retained. Frontier has elected to reinsure a portion of its new insurance sales of products that it manufactures. Reinsurance permits Frontier to limit the maximum risk on each sale, thereby limiting the insurance risk to shareholder's equity ratio. Frontier's retention limit is $25,000. Frontier has also decided to distribute products that it does not manufacture because of its limited capital base. The combination of reinsurance and distribution of other companies' products enables Frontier to increase its market presence.

Universal. Universal's cash flow from operating activities was positive for the three and twelve month periods contained in this report. Universal expects the cash flow from operating activities to continue to be positive. Universal's cash flows from investing activities were -0- in 1992 and negative in 1991. Universal's cash flows from financing activities have been negative. Universal's current cash position should be increased by positive cash flows from operating activities and decreased by repayment of debt and the contingency of making loans to the Partnership. Universal has the obligation as general partner in Shepherd Hills Manor, LTD, Partnership to guarantee a break even cash flow for the Partnership. As a result of this guarantee, Universal has a net advanced of $46,318 to the Partnership over the last ten years. The Partnership is currently operating on a break even cash flow basis with the assistance of the abatement of the 5% partnership fee and a reduction in the interest rate from 12% to approximately 10% on the note payable to the general partner, Universal. The total amount of the current abatement to the Partnership is approximately $30,000 per year. The Partnership's cash flow has stabilized due to an increase in occupancy. When the competition in the rental market permits the Partnership to increase rental rates fifteen percent, the Partnership should break even on a cash flow basis. However, there are no assurances that the rental rates will be increased by fifteen percent in the immediate future. Universal also receives interest income from a note receivable due from IMC. Universal anticipates that the interest income will be received from IMC, even though IMC has experienced losses the last three years. The total operations of IMC for the last three years before equity in affiliates have been positive. The equity in loss of affiliates does not reduce IMC's liquidity.

Universal's long term debt has a balloon payment due in 1992. Universal has recently received notification from the Resolution Trust Corporation; on behalf of the lender that the debt will not be refinanced in December of 1992. Universal intends to inform the limited partners of this development and to explore with the limited partners the financing options that may be available.

Sterling. Sterlings's cash flow from operating activities and financing activities has been negative for the last three years. Sterling's current cash position and the payments on the note receivable from IMC should provide sufficient liquidity. Sterling's major capital commitment at the present time is the responsibility for the payment of $95,000 a year consulting agreement that arose from the novation of an agreement made in 1979 with HKZ Management, LTD. The consulting agreement will expire in February of 1993. The balance of the consulting agreement will require approximately 20% of the note receivable balance due from IMC.

Operations

General. IMC's revenues on a consolidated basis increased for the three month and twelve month periods. Of these revenues 97% was attributable to Frontier's activities, 1% to Universal's activities, and 2% to Sterling's activities. The following table includes the results of the IMC and it affiliates:

	Three Months Ended March 31		Twelve Months Ended December 31	
	1992	1991	1991	1990
Frontier Insurance Net Income (Loss)	$ 84,354	$ 17,001	$ 167,026	$ (8,662)
Universal (Real Estate) Net Income (Loss)	$ 18,109	$ 12,353	$ 50,579	$ 39,412
Sterling (Financial) Net Income (Loss)	$ (10,049)	$(20,719)	$ (80,508)	$(113,673)
IMC Consolidated Net Income (Loss)	$ (95,714)	$(16,502)	$(329,334)	$ (44,461)

Frontier. The Company's revenues were level for the first quarter of 1992 and for the year ended December 31, 1991. Premium income is declining because the volume of new conversion business is not sufficient to offset the lapse of renewal business.

Benefits claims and expenses declined in the first quarter of 1992. Benefits and claims have declined in volume but continue to increase as a percent of premium. This continued increase in claims as a percent of premium is reducing the margin for operating expenses and profit. Underwriting, acquistion, insurance and administrative expenses have increased in the first quarter of 1992 and for the year ended December 31, 1991. The Company continues to reduce expenses to improve efficiency and establish profit margins.

The Company realized net income of $84,354 and $17,001 for the three months ended March 31, 1992 and 1991. The Company realized net income of $167,026 for year end December 31, 1991 and a loss of $8,662 for year end December 31, 1990.

Universal. Universal revenues from the management of the limited partnership have fluctuated based upon the partnership cash flow position. Operating expenses have remained fairly constant for the three and twelve month periods contained in this report. Net interest income (other income) has been reduced as a result of the interest abatement to the limited partnership.

Universal has realized income before equity in affiliate and partnership of $10,910 and $11,723 for March 31, 1992 and 1991; and $33,358 and $43,775 for December 31, 1991 and 1990.

Universal's equity in affiliates and partnership have resulted in income of $11,149 and $4,350 for March 31, 1992 and 1991; and income of $29,221 and $11,397 for December 31, 1991 and 1990. The equity reporting for Universal is a result of a 10% investment in a life affiliate and a 1% investment in the limited partnership. The equity results do not affect Universal's current cash position.

Universal's net income was $18,109 and $12,353 for March 31, 1992 and 1991 and $50,579 and $39,412 for December 31, 1991 and 1990.

Sterling. The interest income from the affiliate note receivable is currently 100% of the Company's revenue. The interest income is declining because the note receivable balance is being reduced by monthly payments.

General and administrative expenses have remained basically constant for the three month and twelve month periods contained in this report.

The equity income (loss) of the life insurance affiliate represents the Company's portion of the insurance affiliate's operations. The equity results have been positive the twelve month period and the two three month periods ended December 31, 1991 and 1990 and March 31, 1992 and March 31, 1991. The equity income (loss) of the life insurance affiliate does not affect the Company's current cash position.

The Company has reported a loss from operations before and after equity from the life insurance affiliate. The Company expects to break even from operations after the consulting agreement is completely paid in February, 1993.

The Company's net loss from operations was $10,049 and $20,719 for the three months ended March 31, 1992 and 1991, and $80,508 and $113,678 for the years ended December 31, 1991 and 1990.

The interim financial statements have been prepared from the records of the Company by Company personnel without audit by independent accountants.

The consolidated income statement, the consolidated balance sheet, and the consolidated statements of cash flows should be considered in conjunction with the notes to the audited consolidated financial statements for the year ended December 31, 1991.

The summarized financial information reflects all adjustments which are, in the opinion of management, necessary to a fair statement of results for the interim period.

Part II. Other Information

Items 1 through 6

NONE

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERNATIONAL MERCANTILE CORPORATION

Date 5-7-92

Stewart Juneau
Chief Executive Officer

Date 5-7-92

P. Andrew Baker, Secretary